

JOINT REGIONAL AGREEMENT ON WATER QUALITY TRADING

Discussion Guide: Pilot projects--How do we want to test what comes out of this process?

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In past efforts to develop water quality trading programs or other market-based incentive programs, we have found that not every detail can be worked out during meetings and discussions. Some elements of trading need to be tried out to see what works, what does not, and how best to improve over time. In some ways, it may be early to be thinking about ways to test out components of any possible joint agreements on trading. Yet, TMDLs, NPDES permits, and other processes take time to develop, and there may be good pilot opportunities emerging now that we want to track.

Having the pilot conversation now does not commit any party to pursuing or implementing a pilot, it just makes sure coordination can occur.

What are some of the things we may want to test?

- I. Inclusion of trading into a TMDL
 - a. How to do the Load and Wasteload Allocations anticipating possible trades;
 - b. How to define baseline conditions and reasonable assurances for nonpoint sources; and
 - c. What types of authorities or other conditions could be included in TMDLs to better support appropriate use of trading.
- II. Inclusion of trading into an NPDES permit in a TMDL watershed
 - a. What language and supporting analysis needs to be in a permit evaluation report;
 - b. What are some of the differences across states that make elements of a joint regional agreement easier or harder to include; and
 - c. How can adequate enforcement be ensured over time.
- III. Inclusion of trading into an NPDES permit in a watershed without a TMDL
 - a. What analysis needs to be done as part of permitting; and
 - b. What is different between an NPDES permit in a watershed with or without a TMDL.

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- IV. What are the differences in how trades are implemented depending on parts of the state, local watershed conditions, etc.

What are some of the things to look for in a good pilot?

- I. A TMDL or NPDES permit in-progress and 1-2 years from being completed
- II. A watershed with a new TMDL or other action driving immediate pollution reduction
- III. A watershed with a mix of point and nonpoint sources
- IV. A watershed with good scientific understanding of water quality dynamics, pollution sources, and vision for which actions will best improve water quality.

Please direct feedback, questions, and comments to:

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